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FOR MEPI/TUNIS AND NEA/PI

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SUBJECT: AN UPDATE ON MEPI FUNDING IN EGYPT: REGIONAL
DIRECTOR PETER MULREAN'S VISIT, JULY 16-20

Sensitive but unclassified. Please protect accordingly.

Summary

[1](#)1. (SBU) On July 16-20, MEPI Regional Director Peter Mulrean visited Alexandria and Cairo to meet with current and prospective MEPI grantees. In Cairo, two of the five Civil Society (CS) grantees described difficulty in obtaining approval from Egypt's Ministry of Insurance and Social Affairs (MISA) to receive MEPI funding; and the Ibn Khaldun Center, another CS grantee, had still not received its first tranche of funding from Washington. However, that a number of other grantees are already operating successfully is evidence that the continued fine-tuning of the MEPI grant management process, along with frequent visits to grantees by MEPI staff, is gradually helping to improve the MEPI image in Egypt. End summary.

Alexandria

[1](#)2. (SBU) In Alexandria, Mulrean finalized small MEPI grants for the Egypt Cognitive Center and Creative Child (ECC) (\$13,300); the Future Businesswomen's Association (FBA) (\$24,830); and the Sustainable Development Association (SDA) (\$25,500). These organizations did not expect problems in receiving MEPI funding or in project implementation, and each expressed willingness to publicize MEPI funding as part of their projects. ECC's project focuses on educational reform and developing alternatives to mandatory private lessons in Egypt's public education system; FBA's activities focus on women's participation in local governance; and SDA will conduct two model U.N. programs and produce video educational materials on its activities.

[1](#)3. (SBU) Mulrean also met with Alexandria Bibliotheca Director Ismail Serageldin and special advisor Bernard Salome to discuss potential for cooperation between the library and MEPI. They discussed the Bibliotheca's \$3.5 million USAID proposal for support of the Arab Reform Forum and the Arab InfoMall, designed as an online forum for civil society organizations to communicate with, and provide support to, one another. (Comment: It is too early to tell whether the Bibliotheca's proposed activities might be better funded under a MEPI grant. End comment.)

Cairo Civil Society Grants

[1](#)4. (SBU) In Cairo, Mulrean met with the five civil society MEPI grantees, three of which are currently experiencing problems in receiving funding. Ibn Khaldun Center (IKC) funding had been delayed because required materials for IKC to request a drawdown of funds from Washington had not yet arrived. (By August 3, however, NEA/PI reported that IKC had received \$40,000 in funding after a July 28 wire transfer.) Additionally, both the Egyptian Association for the Support of Democracy (EASD) and Egyptian Association for Developing and Disseminating Legal Awareness (EADDLA) are awaiting MISA approval to receive funding. The legally-mandated 60-day waiting period for receiving MISA permission to begin activities has expired without MISA comment. (Note: The Embassy will proceed to inform MISA that the U.S. Government's interpretation of the NGO Law is that expiration of the waiting period absent a MISA response constitutes approval to receive MEPI funding. End note.)

[1](#)5. (SBU) New Horizon Association for Social Development (NH) and United Group (UG) are proceeding with implementation of their projects. Nady Kamel, Chief of Trustees, discussed NH's Empowering Youth in Old Cairo project, which involves educating 1000 youth on political participation. NH has received permission from MISA to withdraw MEPI funds. Negad El Borai, head of the UG, described having a positive overall reaction to UG's activities from the public, political parties, and the media following the initial negative press

following the launching of MEPI civil society projects.
(Comment: UG has the status of a civil company, not an NGO;
therefore, legally, it does not require MISA permission to
receive MEPI funding. UG's activities may be the most
political of the MEPI civil society grantees' projects
because they are focused on legal and technical training of
political party members and because UG's effective management
and well-developed programs have a history of effectiveness.
End Comment.)

Standing Program Announcement (SPA) Grantees

16. (SBU) Mulrean met with Egyptian NGO Service Center (ENGOSC)/South East Consortium for International Development (SECID) and Center for Development and Population Activities (CEDPA), both MEPI SPA grantees. Shareef Ghoneim, ENGOSC CEO and Nihad Rageh, New Initiative for Leadership in Egypt (NILE) Project Director reported that the NILE project was progressing as scheduled. In Alexandria, Mulrean observed a CEDPA training session on election monitoring and evaluating for representatives from the CEDPA NGO network and the National Council for Women's Rights. In Cairo, CEDPA Director Amel Gamalin said the organization was very pleased with progress, noting that three of the four governorates involved were highly supportive. Implementation in Beni Suef, however, is proceeding slowly, partly due to a lack of strong leadership and rivalries among different parties.

Media Outreach

17. (SBU) Mulrean also participated in media roundtables in Alexandria and Cairo each involving a dozen journalists from various Egyptian newspapers and international news services. Mulrean provided an overview of MEPI activities in Egypt and countered misinformation about MEPI civil society grants and NDI's ongoing activities. Mulrean also gave a 20-minute radio interview to the Egyptian National Radio English program. PAO also issued a press release on behalf of MEPI and CEDPA announcing the CEDPA-sponsored Alexandria training session.

Plans to Audit the Civil Society Grantees

18. (SBU) Mulrean relayed to each of the Civil Society grantees MEPI's decision to audit their use of funds, to ensure fiscal responsibility of these more politically sensitive grants. All grantees agreed to participate. Embassy Cairo has received estimates from Egypt-based American auditing firms and in the meantime has made a preliminary inspection of the United Group's financial records.

Comment

19. (SBU) While media outreach efforts to counter misinformation about MEPI civil society grants have been partially successful, MEPI's ongoing challenges in Egypt are to explain itself to a general population largely ignorant of MEPI programs and to an educated class having great difficulty in differentiating between MEPI funding and other U.S. programs, including USAID assistance, and the Ambassador's Self-Help Fund. MISA's lengthy delays in approving the funding and activities of several programs is evidence of this attitude. Bureaucratic and technical delays, perhaps complicated by the necessary requirement to base fund transfers to grantees on successful auditing reviews, have not played well with local MEPI supporters. However, that a number of grantees either expect no hurdles or are already operating successfully -- even in the politically sensitive environment of the pending September 7 presidential elections -- is evidence that continued fine-tuning of the MEPI grant management process, along with frequent visits to grantees by MEPI staff, is gradually helping improve MEPI's image in Egypt. End comment.

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JONES